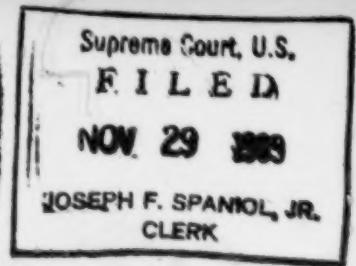


89-861<sup>①</sup>



No. —

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IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1989

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TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Petitioners,*

v.

APPLICATION ART LABORATORIES CO., LTD.,  
*Respondent.*

---

**PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

---

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## QUESTIONS PRESENTED

(1) Whether appellate review from a motion to dissolve a preliminary injunction is limited to the propriety of the denial of the motion and does not extend to the propriety of the grant of the underlying injunction where the preliminary injunction was initially issued without adequate notice or hearing.

(2) Whether a preliminary injunction open to full reconsideration in the trial court on a motion to dissolve may be reviewed by the appellate court on its merits after disposition of the motion to dissolve.

The opinion below is one of first impression for the Federal Circuit, does not follow or agree with any other circuit which has considered the exact issue and is in substantial conflict with the decisions of the Third and Seventh Circuits on both issues (1) and (2).

(3) Whether patents for which the district court has been presented uncontroverted evidence of fraud in the procurement can properly be the basis of a preliminary injunction.

### LIST OF PARTIES

The parties to the proceedings below were the petitioners, Tamao Morita an individual who is a Japanese citizen, and Magleader Co. Ltd., a Japanese corporation, and the respondent, Application Art Laboratories Co., Ltd., also a Japanese corporation. Petitioner, Magleader Co. Ltd., has no parent companies, subsidiaries, or affiliates to list pursuant to Rule 28.1.

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IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1989

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No. \_\_\_\_

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TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Petitioners,*

v.

APPLICATION ART LABORATORIES CO., LTD.,  
*Respondent.*

---

**PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

---

Petitioners, Tamao Morita and Magleader Co., Ltd., respectfully pray that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit, entered in the above-entitled proceeding on July 28, 1989.

**OPINIONS BELOW**

The opinion of the United States Court of Appeals for the Federal Circuit is unreported, and is reprinted in the Appendix hereto, p.1a, *infra*.

The orders of the United States District Court for the District of Columbia (Jackson, D.J.) issuing and refusing to dissolve a preliminary injunction enjoining petitioners with respect to two United States patents

have not been reported. They are reprinted in the Appendix hereto, p. 5a, *infra*.

### JURISDICTION

Invoking federal jurisdiction under 28 U.S.C. § 1338(a), respondent brought in 1984 a declaratory judgment action in the United States District Court for the District of Columbia, seeking a declaration of invalidity, unenforceability and non-infringement with respect to a United States patent owned by petitioners. Invoking the same jurisdictional grounds, petitioners filed in 1985 a declaratory judgment action against respondent, seeking a declaration of invalidity, unenforceability and non-infringement respecting two patents allegedly owned by respondent. On October 7, 1988, the district court entered a preliminary injunction enjoining petitioners from infringing the two patents allegedly assigned to respondent. On January 11, 1989, the district court denied petitioners motion to dissolve the preliminary injunction. See, p. 7a, *infra*.

On petitioners' appeals, the Federal Circuit on July 28, 1989, entered a judgment and an opinion affirming the district court's orders respecting the injunction. A timely filed petition for rehearing was denied September 1, 1989.

The jurisdiction of this Court to review the judgment of the Federal Circuit is invoked under 28 U.S.C. § 1254(1).

## STATUTES INVOLVED

### 28 U.S.C. § 1292 Interlocutory decision

. . .

(a) Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:

. . .

(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District of Guam, and the District Court of the Virgin Islands, or of the judges thereof, granting continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve modify injunctions, except where a direct review may be had in the Supreme Court; . . .

(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

(1) of an appeal from an interlocutory order or decree described in subsection (a) or (b) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and . . .

## STATEMENT OF THE CASE

Petitioner, Magleader Co. Ltd. (Magleader), is a Japanese corporation involved in the assembly and sale of magnetic snaps used primarily as closure devices on women's handbags. Petitioner, Tamao Morita (Morita), is a Japanese citizen, Magleader's president and the inventor of numerous inventions respecting magnetic closure devices. Morita is the inventor of

the subject matter of all the patents involved in this case and invented the specific closure device which is the subject of the litigation below. Petitioner Morita's closure device inventions have enjoyed substantial commercial success. Respondent, Application Art Laboratories Co., Ltd. (Application Art), is also a Japanese corporation involved in the assembly and sale of magnetic closure devices and is the chief competitor of petitioner Magleader.

In 1984, Application Art filed a declaratory judgment action seeking a declaration of invalidity, unenforceability and non-infringement respecting United States Patent No. 4,453,294 issued June 12, 1984 to petitioner Morita and now assigned to petitioner Magleader.

In 1985, petitioners filed a declaratory judgment action against respondent seeking a declaration of invalidity, unenforceability and non-infringement respecting United States Patent No. 4,021,891 ('891) and United States Design Patent No. 247,468 ('468). Both patents are based on inventions made by petitioner Morita. Respondent claims to own the '891 and '468 patents. Their ownership is in dispute in the underlying litigation. The two declaratory judgment actions were consolidated for pretrial proceedings and trial.

After pretrial proceedings which included a stay during which the Patent and Trademark Office (PTO) conducted reexamination proceedings under 35 U.S.C. §§ 301-307 on the '891 patent, the consolidated declaratory judgment actions came before the United States District Court for the District of Columbia for trial beginning August 15, 1988. During a trial session held on August 18, 1988, the district court requested

counsel to appear in chambers. During this in-chambers conference, the district court urged the parties to settle the litigation on the basis of the district court's view that respondent would prevail on all issues in the litigation. The court directed the parties to confer and report the results of their conference.

On August 19, 1988, counsel for all parties conducted extensive settlement discussions. After these discussions, petitioners' then trial counsel mistakenly reported to the court that a settlement agreement had been reached. This purported agreement was reduced to writing in the form of certain handwritten notes made by respondent's counsel. At a hearing held before the district court on August 22, 1988, these notes were read into the record. During the August 22, 1988 hearing, the district court allowed petitioner Morita to make a statement, in which he maintained that he did not agree or consent with the settlement agreement. Over petitioners' objection, the court found the handwritten notes to constitute a binding agreement and ordered a settlement of both actions.

After the August 1988 hearing, petitioners engaged new counsel. On September 30, 1988, petitioners brought a motion pursuant to Fed. R. Civ. P. 60(b) to vacate the district court's order of settlement. At a status call held on October 7, 1988, the district court vacated its order of settlement and, without any advance warning or notice, invited an oral motion from respondent's counsel, and entered a preliminary injunction enjoining petitioners and their agents from infringing the '891 or '468 patents.

Prior to the October 7, 1988 status call, the district court had provided no notice that a preliminary in-

junction would be even considered at that hearing. The injunction order which issued *the same day as the status call* included none of the findings required by Fed. R. Civ. P. 52(a). No such findings were made on the record at the status call. As the injunction was granted on respondent's oral motion, the issue of whether the injunction should issue under applicable law was not briefed prior to the status call and its propriety was not argued at that proceeding.

At the status call, the district court stated that argument could be heard on the preliminary injunction at the status call or that petitioners could file a motion to dissolve the preliminary injunction at a later time. In response, petitioners' counsel stated to the district court that, because no notice had been provided and petitioners had not had an opportunity to study the question of injunctive relief, a motion to dissolve the preliminary injunction was the most appropriate method by which the merits of the injunction could be assessed by the district court. Thereafter, the district court entered the injunctive order *subject to petitioners' right to move to dissolve it*.

On October 26, 1988, petitioners moved the district court to dissolve the preliminary injunction. The motion to dissolve was fully briefed. Oral argument was heard on the motion to dissolve at a January 11, 1989 status call. At the January status call, the district court refused to dissolve the preliminary injunction finding that it had sufficient evidence before it on October 7, 1988 to establish a substantial likelihood of success on the issues of validity and infringement respecting the '891 and '468 patents. The January 11, 1989 status call was the first time the district court



had before it any information on the standards for injunctive relief in a patent case. The January hearing was the first time the issues raised by respondent's request for injunctive relief had been briefed by the parties (i) with citation to the record and (ii) with the presentation of arguments as to the appropriate standards for the issuance of preliminary injunction in patent cases. The district court refused to dissolve the injunction stating that none of the arguments presented to it by petitioners were persuasive.

Petitioners appealed the denial of the motion to dissolve. In an opinion of July 28, 1989, the Federal Circuit affirmed, stating that appellate review of a motion to dissolve a preliminary injunction is limited to the propriety of the *denial of that motion* and does not extend to the propriety of the *grant of the underlying injunction*. Therefore, the Federal Circuit rejected petitioners' contention that the record before the district court did not contain sufficient evidence to support a preliminary injunction under 35 U.S.C. § 283 or that the district court had not complied with the requirements of Fed. R. Civ. P. 52 or 65 when it issued the injunction. Finally, the Federal Circuit refused to consider whether the district court abused its discretion by only requiring the posting of a \$100.00 bond as security for the injunction. The Federal Circuit stated that such arguments were directed to the propriety of the injunction which the Federal Circuit held was not at issue before it.

The Federal Circuit then held that the only issue raised by the denial of petitioners' motion to dissolve which was properly before the appellate court is whether petitioners had shown changed circumstances warranting the discontinuation of preliminary relief.

The Federal Circuit characterized the only changed circumstance at issue before the district court in January 11, 1989 to be a "new defense" grounded on petitioners' contention that forged documents were submitted to the PTO during the prosecution of the patents which were the basis of the injunction. The Federal Circuit rejected petitioners' contention on this point stating that the district court had properly found that this defense had only a "remote chance" of success. Although the district court had held that such "remote chance" was sufficient to warrant a new trial and settling of a new pretrial order under Fed. R. Civ. P. 16, the Federal Circuit refused to consider whether the new evidence was sufficient to warrant reconsideration of the propriety of injunctive relief. Again, the Federal Circuit found no fault with the fact that no findings as required by Fed. R. Civ. P. 52(a) were made with respect to the fraudulent documents issue.

On August 11, 1989, petitioners filed a petition for rehearing. The petition was denied by the Federal Circuit on September 1, 1989.

#### **REASONS FOR GRANTING A WRIT**

- I. The Federal Circuit's novel construction of the scope of review of motions to dissolve conflicts with the plain meaning of 28 U.S.C. § 1292(a) and with the decisions of other circuits.**

In its opinion, the Federal Circuit states that appellate review of a motion to dissolve a preliminary injunction is limited to the propriety of the district court's denial of the motion to dissolve and does not extend to the propriety of the district court's grant of the underlying injunction. App. 2a



The Federal Circuit further states that, when reviewing the denial of a motion to dissolve, the issue before the district court and, therefore, the issue before the appellate court is whether the movant has shown changed circumstances, warranting the discontinuation of preliminary relief.<sup>1</sup> App. 2a. Thus, the Federal Circuit concluded that its review of the proceedings before the district court was limited to determining whether, based on changed circumstances, the district court had abused its discretion in denying petitioners' motion to dissolve. On this basis, the Federal Circuit further found that petitioner had failed to timely appeal the underlying injunction order.

In this regard, the opinion of the Federal Circuit is in *direct conflict* with the decisions of the Third and Seventh Circuits which each have held (1) where a district court leads an enjoined party to believe that the merits of an injunction remain open for *full review in the trial court* or (2) where the issues raised by the motion to dissolve are "inextricably intertwined" with original grant of the injunction, the failure to appeal a preliminary injunction order, when initially imposed, does *not* limit the scope of review on appeal from a motion to dissolve such order.<sup>2</sup> *Cerro Metal Prods. v. Marshall*, 620 F.2d 964 (3rd Cir. 1980); *Illinois v. Peters*, 871 F.2d 1336 (7th Cir. 1989); *Buckhanon v. Percy*, 708 F.2d 1209 (7th Cir. 1983), *cert.*

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<sup>1</sup> Even though up to this point, the Federal Circuit had never decided the exact issue involved in the appeal, and the issue was thus one of first impression.

<sup>2</sup> The Fifth and Ninth Circuits have agreed with this position in dicta. *Black Ass'n of New Orleans Fire Fighters v. New Orleans*, 853 F.2d 347 (5th Cir. 1988); *Sierra On-Line, Inc. v. Software, Inc.* 739 F.2d 1415 (9th Cir. 1984).

*denied*, 465 U.S. 1025 (1984); *Fern v. Thorp School*, 532 F.2d 1120 (7th Cir. 1976). The Federal Circuit made a major error and has created a major division among the circuits when it held that the district court's tentative, hastily considered order of October 7, 1988 was *only appealable when granted*. No circuit follows the Federal Circuit's position. By ignoring the well-reasoned positions taken by other circuits the Federal Circuit has started a spurious, new line of authority.

Under the circumstances of this case, no final appealable order was entered until January 11, 1989. More specifically, in this case, at a status call on other matters, the district court entered its preliminary injunction on respondent's oral motion *which the district court invited respondent to make*. The district court provided petitioners *no notice* that it would consider injunctive relief at this status call. The merits of the preliminary injunction were neither *briefed* prior to nor *argued* at this status call. At the status call, the district court entered the injunctive order without thoughtful consideration or care. It made no findings as required by Fed. R. Civ. P. 52(a).

At the October 7, 1988 status call, the district court stated that petitioners could be heard with respect to merits of the injunction at that time or, in the alternative, that respondent's oral motion for injunctive relief would be granted *subject to* petitioners' motion to dissolve the injunction. Petitioners chose to file a motion to dissolve because petitioners believed that a motion to dissolve was a better method to air fully all the issues raised by the injunction. Thus, the district court led petitioners to believe that the merits

of the underlying injunction order would be open to full and complete reconsideration at a later hearing.

In a case where a preliminary injunction is not adequately heard by the district court at its issuance and the injured party is led to believe that full reconsideration of the merits can be had *in the trial court* by bringing to the district court's attention its errors through a motion to dissolve, an appeal from the denial of such motion to dissolve *includes* a review of the underlying injunction. *Black Ass'n of New Orleans Fire Fighters v. New Orleans*, 853 F.2d 347 (5th Cir. 1988); *Professional Plan Examiners, Inc. v. Lefante*, 750 F.2d 282 (3rd Cir. 1984); *Godinez v. Lane*, 733 F.2d 1250 (7th Cir. 1984); see, also, 16 Wright & Miller, *Federal Practice and Procedure*, § 3924.

The Federal Circuit has worked a substantial injustice on petitioners by refusing to consider the merits of the October 1988 injunction order. The Federal Circuit's ruling is such a substantial departure from established precedent regarding the review of preliminary injunctions that petitioners submit that this court should exercise its supervisory authority over the Federal Circuit and require that the merits of the district court's injunctive order be heard on appeal. In petitioners' view, any appeal filed at the time of issuance of the initial injunctive order would have been, in effect, premature because the district court had not fully considered or weighed the merits of the injunction. The district court *only* entered a truly final order on the injunction on January 11, 1989 when all arguments regarding the standards for preliminary injunctions were before it. Petitioners filed a timely appeal from that order.

The rule provided by the Federal Circuit's decision puts parties on notice that appeals from preliminary injunctions, whether final or not, must be taken immediately or the party acts at its peril. This is also the case regardless of whether or not a district court leads a party to believe that the injunction is not a final order.

General application of the holding announced by the Federal Circuit in its July 28, 1989 opinion would encourage premature appeals of injunctive relief and would not allow a party to seek appropriate reconsideration in the district court of hastily considered or improperly issued injunctions. The Federal Circuit's highly restrictive view will have a pernicious affect on interlocutory appeals from injunctive relief and will improperly limit the district court's reconsideration of truly erroneous injunctive orders.

**II. The district court's total abuse of its discretion in its October 1988 order should have been reviewed by the Federal Circuit under the standards announced by other federal appellate courts**

In its injunctive order of October 7, 1988, the district court totally failed to comply with the requirements for the issuance of preliminary injunctions in patent cases. The district court also failed to meet the requirements of Fed. R. Civ. P. 52 and 65 by failing to announce any findings of facts upon which the order was based or to specify the acts enjoined with the particularity required by the rules. *Chemlawn Serv. Corp. v. GNC Pumps, Inc.*, 823 F.2d 515 (Fed. Cir. 1987); *Digital Equip. Corp. v. Emulex Corp.*, 805 F.2d 380 (Fed. Cir. 1986).

Additionally, the district court did not review the evidence before it determine whether it had sufficient

evidence to support the requirements for injunctive relief in a patent case: (i) reasonable likelihood of success on the merits, (ii) irreparable harm to the requesting party, (iii) balancing of the respective hardships, tipping in the requester's favor and (iv) issuance of the injunction being the public interest. *T.J. Smith & Nephew Ltd. v. Consolidated Medical Equip., Inc.*, 821 F.2d 646 (Fed. Cir. 1987). Finally, the district court issued the injunction causing a substantial hardship to petitioners on only a \$100.00 bond. In petitioners' view, the posting of such a small bond for an injunction causing substantial injury is a *blatant abuse of discretion*.

The Federal Circuit totally ignored these errors by the district court. The Federal Circuit further ignored the well established principle that such a blatant abuse of discretion can be reviewed on a motion to dissolve which had pointed out these errors to the district court. *Sierra On-Line, Inc. v. Phoenix Hardware, Inc.*, 739 F.2d 1415 (9th Cir. 1984).

The Federal Circuit's failure to correct such a clear abuse of discretion is such a substantial departure from the normal procedures for appellate review of preliminary injunctions so as to require this court's direct supervision of the Federal Circuit's action in this case.

### **III. Even using its announced standard, the Federal Circuit failed to consider substantial, uncontroverted evidence of fraud on the Patent and Trademark Office**

In its opinion of July 28, 1989, the Federal Circuit states that petitioners' sole assertion on appeal which may be characterized as a changed circumstance which



can be reviewed upon a motion to dissolve was what the Federal Circuit characterizes as a "new defense" grounded on petitioners' contention that forged documents were submitted to the PTO during the prosecution of the patents upon which injunctive relief was granted. Petitioners demonstrated before the district court through the uncontroverted declaration of Lyndal L. Shaneyfelt that certain oaths of the inventor, petitioner Morita, filed in the applications of the '891 and '468 patents were forgeries. In particular, Mr. Shaneyfelt, a recognized handwriting expert, determined that a supplemental oaths filed before the PTO to obtain issuance of the '891 patent and a oath submitted with respect to the '468 patent were trace forgeries.

Throughout the proceedings below, respondent never introduced any evidence by way of declaration or otherwise to rebut this evidence. Thus, the record below is uncontroverted that forged documents were submitted to meet a PTO procedural requirements for issuance of the subject patents. The submission of forged documents to the PTO to obtain issuance of a patent is fraudulent conduct rendering the patents in question *invalid*. *Precision Instrument Mfg. Co. v. Automatic Maintenance Mach. Co.*, 324 U.S. 806 (1945), *reh. denied*, 325 U.S. 893 (1945).

All the elements of fraudulent conduct before the PTO i.e. (1) a misrepresentation of a material fact (2) with intent to deceive the PTO (3) where the misrepresentation is relied on by the PTO and (4) induces the PTO to issue the patent in question, were clearly established with respect to the two patents at issue here. Respondent's fraudulent conduct renders the subject patents not only unenforceable but invalid.

*Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172 (1965). The Federal Circuit chose to ignore these blatant misrepresentations to the PTO. The Federal Circuit relied solely on a conclusory statement made by the district court that it found the credibility of a defense which respondent's counsel was discussing at the January 1989 status call somewhat "dubious". The district court then stated that it had resolved to fully consider the merits of such defense on the remote chance that a fraud was being perpetrated on the court. The statement quoted by the Federal Circuit is not relevant to the fraud on the PTO issue because the district court was discussing an another defense asserted by petitioners below.

However, independent of whether the Federal Circuit or the district court made any statement regarding the alleged dubiousness of the fraud defense, the fact remains that the record below is uncontroverted and clearly shows that forged documents were submitted to the PTO to obtain the patents upon which the injunction was issued. Petitioners submit that the maintenance of a preliminary injunction in the face of uncontroverted evidence of fraud on the PTO is such a substantial abuse of discretion by the district court and the Federal Circuit that corrective action is required here. This court must exercise its supervisory authority, reverse the Federal Circuit's judgment below and require the Federal Circuit to reverse the district court's injunctive order. To allow fraudulently obtained patents to be the basis for enjoining a party is so contrary to this court's jurisprudence that the exercise of supervisory authority is mandated herein.

CONCLUSION

For these various reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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## **APPENDIX**



United States Court of Appeals  
for the Federal Circuit

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89-1270

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APPLICATION ART LABORATORIES CO., LTD.,  
*Plaintiff-Appellee,*

v.

TAMAO MORITA and MAGLEADER CO., LTD.,  
*Defendants-Appellants.*

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89-1293

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TAMAO MORITA and MAGLEADER CO., LTD.,  
*Plaintiffs-Appellants,*

v.

APPLICATION ART LABORATORIES CO., LTD.,  
*Defendant-Appellee.*

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DECIDED: July 28, 1989

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Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

Before ARCHER, MAYER, and MICHEL, *Circuit Judges.*

MICHEL, *Circuit Judge.*

## DECISION

Tamao Morita and Magleader Co., Ltd. (Morita), appeal that portion of the Order of the United States District Court for the District of Columbia in the consolidated cases *Application Art Laboratories Co. v. Morita*, Civil Action No. 84-3894 (D.D.C. Jan. 11, 1989) and *Morita v. Application Art Laboratories Co.*, Civil Action No. 85-2539 (D.D.C. Jan. 11, 1989), denying Morita's motion to dissolve the preliminary injunction entered by that court on October 7, 1988. We affirm.

## OPINION

Generally, appellate review of a motion to dissolve a preliminary injunction is limited to the propriety of the denial of the motion and does not extend to the propriety of the grant of the underlying injunction. See, e.g., *Illinois v. Peters*, 871 F.2d 1336, 1339 (7th Cir. 1989); *Township of Franklin Sewerage Authority v. Middlesex County Utilities Authority*, 787 F.2d 117, 120-21 (3d Cir.), cert. denied, 479 U.S. 828 (1986); *Sierra On-Line, Inc. v. Phoenix Software, Inc.*, 739 F.2d 1415, 1418 n.4 (9th Cir. 1984). On such a motion, the issue before the district court is whether the movant has shown that changed circumstances warrant discontinuation of the preliminary relief. See, e.g., *Township of Franklin Sewerage Authority*, 787 F.2d at 121. The scope of our review is limited to determining, based upon those changed circumstances, whether the district court abused its discretion in denying the motion in this case.

Before this court, Morita contends that the record before the district court did not contain sufficient evidence to support a preliminary injunction under 35 U.S.C. § 283. In addition, Morita argues the preliminary injunction was improperly granted because the district court allegedly failed to comply with Federal Rules of Civil Procedure 52 and 65. Finally, Morita contends that the district court

abused its discretion by requiring the posting of only a \$100.00 bond. All these arguments go to the propriety of the district court's October 7 decision granting preliminary relief and, because Morita failed to timely appeal that order or show either excusable neglect or good cause for not having done so or file a timely motion for reconsideration, will not be considered by us at this time. See Fed. R. App. P. 4(a); *Merrell-National Laboratories, Inc. v. Zenith Laboratories, Inc.*, 579 F.2d 786, 791 (3d Cir. 1978) ("We do not believe, however, that in the general case a defendant should be allowed to use the appealability of an order denying modification of an injunction to circumvent the time bar to appeal from the underlying preliminary injunction.").

The sole assertion by Morita on appeal that may be characterized as a changed circumstance is a new defense grounded upon his contention that forged documents were submitted to the United States Patent and Trademark Office during the prosecution of both United States Patent No. 4,021,891 and United States Design Patent No. 247,468. In light of this allegation, Morita contends that the district court had no basis for a finding of likelihood of success as to validity. We are not persuaded.

The district court, during the January 11 status call, preliminarily addressed Morita's fraud defense, stating:

It seems to me that everything that you have argued here really goes to the credibility of that particular defense. And I have to confess that the credibility on the basis of what you have pointed out is somewhat dubious. Nevertheless, if it would in effect perpetrate a fraud on the court—even if it's a remote chance that there is a fraud being perpetrated on the court, I would like to have that resolved.

In the discretion of the district court, the "remote chance" of fraud provided sufficient grounds to warrant a new

trial; however, that same remote chance did not compel the district court to disturb its earlier finding as to likelihood of success. After a careful review of the record, we cannot conclude the district court abused its discretion in not dissolving its preliminary injunction.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

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**Civil Action No. 84-3894**

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APPLICATION ART LABORATORIES CO., LTD.,  
*Plaintiff,*

v.

TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Defendants.*

---

**Civil Action No. 85-2539**

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TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Plaintiffs,*

v.

APPLICATION ART LABORATORIES CO., LTD.,  
*Defendant.*

FILED

OCT 11 1988

CLERK, U.S. DISTRICT COURT  
DISTRICT OF COLUMBIA

**ORDER OF PRELIMINARY INJUNCTION**

Upon consideration of the oral motion of Application Art Laboratories, Co., Ltd., for a preliminary injunction, the proceedings in open court of October 7, 1988, and the entire record herein, it is, this 7th day of October, 1988,

ORDERED, that the motion for a preliminary injunction is granted; and it is

FURTHER ORDERED, that Tamao Morita, Magleader Co., Ltd., their officers, agents, servants, employees, attorneys, and all other persons in active concert or participation with them, are preliminary enjoined from making, using or selling, and inducing others to make, use or sell magnetic lock closures which infringe U.S. Patent 4021891 or U.S. Design Patent 247468, including but not limited to, magnetic lock closures which Morita and Magleader Co., Ltd. have heretofore asserted to be covered by U.S. Patent 4453294, *pendente lite*; and it is

FURTHER ORDERED, that this injunction shall be effective upon deposit with Clerk of the Court cash or an injunction bond in the amount of One Hundred Dollars (\$100.00).

/s/ Thomas Penfield Jackson  
Thomas Penfield Jackson  
U.S. District Judge



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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Civil Action No. 84-3894

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APPLICATION ART LABORATORIES CO., LTD.,  
*Plaintiff,*  
v.

TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Defendants.*

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Civil Action No. 85-2539

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TAMAO MORITA AND MAGLEADER CO., LTD.,  
*Plaintiffs,*  
v.

APPLICATION ART LABORATORIES CO., LTD.,  
*Defendant.*

FILED

JAN 11 1989

CLERK, U.S. DISTRICT COURT  
DISTRICT OF COLUMBIA

**ORDER**

Upon consideration of the motions of Morita and Magleader to dissolve the preliminary injunction and to modify the pretrial order, the motion of Application Art Laboratories Co., Ltd., for an adjudication of contempt, the oppositions and replies thereto, and the proceedings in

open court of January 11, 1989, for the reasons stated upon the record it is, this 11th day of January, 1989,

ORDERED, *sua sponte*, that the proceedings of August 15, 1988 to August 22, 1988 are declared a mistrial, and the case set down for a new pretrial conference and trial on dates to be hereafter assigned; and it is

FURTHER ORDERED, that oral application of Application Art Laboratories, Co., Ltd. for an award of costs, expenses, and attorneys' fees as a condition thereof is held in abeyance pending the outcome of trial; and it is

FURTHER ORDERED, that the parties file revised pretrial statements in accordance with D.D.C. Rule 209 on or before February 10, 1989; and it is

FURTHER ORDERED, that the motion of Morita and Magleader to dissolve the preliminary injunction is denied; and it is

FURTHER ORDERED, that the motion of Application Art Laboratories Co., Ltd. for an adjudication of contempt is deferred to trial.

/s/ Thomas Penfield Jackson  
Thomas Penfield Jackson  
U.S. District Judge

